

# TEACHERS' RETIREMENT SYSTEM



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## STATE OF MONTANA

TO: School Clerks and Business Officials  
FROM: The Teachers' Retirement Board  
DATE: May 11, 2005  
SUBJECT: Termination Pay and Working Retiree's

### TERMINATION PAY

The termination pay rates will change for members who wish to retire August 1, 2005 or later. For your convenience, the Montana Teachers' Retirement System (TRS) has a termination pay calculator that can be utilized in calculating termination pay. The calculator can be accessed at <http://www.trs.mt.gov/employers.htm>. Then click on TRS On-Line and log on using your User I.D. and Password.

If your agency does not have a User I.D. and Password you will need to download, complete and send in (via mail or fax 444-2641) an 'Internet Sign-Up Form'. The TRS Information Technology (IT) staff will assign a User I.D. and Password for accessing TRS On-Line. The sign-up form is available at <http://www.trs.mt.gov/trsonline-x/InternetSignUpForm2004-08.pdf>. For I.T. assistance please call 444-3395 or 444-9293.

### WORKING RETIREE'S

House Bill 104 passed during the 2005 Legislative Session and was signed by the Governor effective April 2005. Please note, passage of this new legislation changes when benefits are cancelled for working retiree's in a part-time position. This legislation also adds a dollar-for-dollar benefit reduction when a working retiree exceeds the maximum amount they are allowed to earn.

Under the statutes governing the Montana TRS, any retired member may be employed in a part-time position eligible to participate in the Montana TRS, including part-time positions with the university system, and earn without loss of their retirement benefits, an amount not to exceed the greater of: (1) one-third (1/3) of the member's Average Final Compensation (AFC), plus annual increases equal to the increase in the Consumer Price Index (CPI); or (2) one-third (1/3) of the median AFC for members retired during the preceding fiscal year as determined by the TRS board. These earnings are determined on a fiscal year basis, July 1 through June 30.

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A "retired member" is defined as a TRS member who has terminated **all** positions eligible to participate in the TRS, and who has **received** at least one monthly retirement benefit.

If a Montana TRS retiree is employed in a part-time position that is eligible to participate in the Montana TRS, they are **not** required to contribute to the retirement system until their earnings over the maximum allowed exceed their gross monthly benefit amount. However, it is required that retirees working in a position eligible to participate in the Montana TRS be reported monthly to the retirement system for the purpose of tracking gross earnings after retirement.

Should a Montana TRS retiree sign a full-time contract, their retirement benefits will cease the effective date of the signed, full-time contract. In addition, they will be reinstated to active membership status.

If a Montana TRS retiree is employed part-time and exceeds the maximum amount they are allowed to earn, their monthly retirement benefit will be reduced dollar-for-dollar for each dollar they exceed the maximum amount they are allowed to earn. The TRS retiree's monthly benefit will be reduced beginning as soon as practical after the employer has reported the excess earnings. The TRS retiree's retirement benefit will be cancelled if their earnings over the maximum allowed exceed the gross monthly benefit amount. The TRS retiree will be reinstated to active membership status and contributions will be due on all earnings that exceed the gross monthly benefit amount.

If a Montana TRS retiree is reinstated to active membership, all service credit at the time of their retirement will be restored in full to their account. If they were to return to active status for the equivalent of at least one full-time school year, their monthly retirement benefit would be recalculated at the time they reapply for retirement benefits based upon the additional service credit. Otherwise, the TRS retiree will be reinstated to retired status with the same benefit and option they were receiving before returning to work. (Ref: § 19-20-804 MCA.)

Please note, Montana TRS retirees are only limited in the amount they may earn if employed in a position that is eligible to participate in the Montana TRS.